

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AS-01 FRB-03 EB-07 TRSE-00 /021 W

-----084590 071056Z /13

R 070838Z JUL 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2067

LIMITED OFFICIAL USE MANILA 10458

E.O. 11652: NA

TAGS: EFIN, RP

SUBJECT: MELLON BANK AND ONE MILLION DOLLAR CHECK

REF: MANILA 10293 AND PREVIOUS

1. MELLON LOCAL REP. FANSLER HAS FILLED US IN ON RESULTS TO TWO MEETINGS: JULY 5 MEETING INVOLVING FANSLER, MELLON COUNSEL DICK ROMULO, CENTRAL BANK (CB) SENIOR DEPUTY GOVERNOR BRINAS, CB GENERAL COUNSEL SINGSON, AND JAVIER ATTORNEY HONORIO POBLADOR; AND JULY 6 MEETING BETWEEN FANSLER, BRINAS, SINGSON, AND ANOTHER CB OFFICIAL.

2. FANSLER CHARACTERIZED THE MEETINGS AS UNSATISFACTORY AND WAS DISAPPOINTED THAT CH HAD NOT PLAYED STRONGER ROLE. HE SAID THAT EVEN THOUGH SINGSON HAD EARLIER AGREED TO CONFRONT POBLADOR WITH THE GRAVITY OF THE MATTER, SUCH A CONFRONTATION DID NOT TAKE PLACE. THE CB OFFICIALS SAID THEY WANTED TO HELP AND WOULD DO ANYTHING "UNDER THE LAW" TO HELP MELLON; IN FANSLER'S VIEW, THIS RESTRICTIVE VIEW OF THE CB'S ROLE OBVIATED BRINGING ANY EFFECTIVE PRESSURE ON POBLADOR.

3. POBLADOR CLAIMS, SAID FANSLER, THAT ONLY A SMALL PORTION OF THE MONEY IS RECOVERABLE: ABOUT 550 THOUS- AND PESOS IN LOCAL DEPOSITS AND 1.3 MILLION PESOS

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IN COMMERCIAL PAPER INSTRUMENTS. ALSO AVAILABLE IS SOME LAND IN CALIFORNIA FOR WHICH HAVIER PAID 3.2 MILLION PESOS, BUT WHICH FANSLER DOUBTS IS WORTH HALF THAT MUCH. IN A BIZARRE TWIST, FORMER OWNER OF THE LAND IS POBLADOR; BUT POBLADOR CLAIMS HE WAS OUT OF THE COUNTRY AT TIME OF SALE, WHICH WAS MADE BY MANILA AGENT WITH POBLADOR'S POWER OF ATTORNEY. BE THAT

AS IT MAY, POBLADOR HAS NOT OFFERED TO RETURN THE MONEY.

4. FANSLER SAID THAT THE ABOVE PUTS THEM SO FAR AWAY FROM FULL RECOVERY THAT A NEGOTIATED SETTLEMENT APPEARS TO BE OUT OF THE QUESTION. THE MELLON HOME OFFICE HAS AGREED THAT THERE IS NOW NO RECOURSE BUT TO TAKE THE CASE TO COURT. AN OUTSIDE ATTORNEY FROM PITTSBURGH IS SCHEDULED TO ARRIVE MANILA ON JULY 10 TO BEGIN PREPARATION OF THE CASE.

5. FANSLER EXPRESSED APPRECIATION FOR EMBASSY EFFORTS TO GET HIGH-LEVEL ATTENTION FOCUSSED ON CASE, EVEN THOUGH ATTEMPT TO PROMOTE OUT-OF-COURT SETTLEMENT HAS APPARENTLY FAILED.  
STULL

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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
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